

**UNITED STATES BANKRUPTCY COURT  
FOR THE  
DISTRICT OF MASSACHUSETTS**

In re:

InfoMotion Sports Technologies, Inc.,  
Debtor.

Case No. 16-10724-JNF

Chapter 11

**Motion of InfoMotion Sports Technologies, Inc. for  
Modification of Cash Collateral Order and Request  
for Expedited Determination**

InfoMotion Sports Technologies, Inc. (“InfoMotion”) hereby moves the court to modify its March 3, 2016, interim order on the Motion of Debtor for Interim and Permanent orders Authorizing the Use of Cash Collateral (the “Cash Collateral Motion”). InfoMotion seeks this modification to allow it to use funds obtained from its proposed licensing arrangement with NF50, LLC, according to the proposed budget attached as Exhibit A. InfoMotion has also filed a “Motion of InfoMotion Sports Technologies, Inc. to License Intellectual Property and Transfer Related Assets Pursuant To 11 U.S.C. §§ 363 and 365 and Request for Expedited Determination” (the “Licensing Motion”) seeking approval of the licensing arrangement. **InfoMotion seeks a hearing on this motion on March 31, 2016, on an expedited basis pursuant to L.R.B.P. 9013-1(g).** In support of this Motion, InfoMotion states the following:

1. InfoMotion seeks expedited determination of this Motion because it relates to the Licensing Motion, which requires an order on March 31, 2016. InfoMotion will be serving this motion by e-mail on its secured creditors, the Office of the U.S. Trustee, and all parties having requested notice of pleadings in the case,

and by regular mail, postage prepaid, on all other creditors.

2. On March 1, 2016, InfoMotion filed a voluntary petition seeking relief pursuant to Chapter 11 of the United States Bankruptcy Code (the “Petition Date”).

3. On March 1, 2016, InfoMotion filed the Cash Collateral Motion. The Court entered an interim order authorizing the use of cash collateral on March 3, 2016, effective until further order of the Court. A continued hearing on cash collateral is scheduled for April 13, 2016.

4. InfoMotion has now reached an agreement, subject to Court approval, under which it will license its intellectual property to NF50, LLC for the purpose of manufacturing, marketing and selling basketball products. In conjunction with that license, InfoMotion will also transfer to NF50, LLC its basketball related inventory. This deal will generate immediate cash of \$110,000 for the estate in addition to future quarterly royalty payments. These funds are subject to secured creditor liens, and InfoMotion seeks court approval to use this cash collateral in accordance with the revised budget attached as Exhibit A.

5. InfoMotion was founded in 2008 by Michael Crowley, who currently serves as its chief executive officer. InfoMotion’s key asset is its intellectual property, in the form of patents, patent applications, software, and technology protected by trade secret. Its patented and proprietary software, when embedded in a small micro-chip connected to movement sensors, allows users to receive and understand real-time feedback on the chip’s mechanical movements. InfoMotion’s primary product using this technology is the 94Fifty Smart Sensor Basketball, a

basketball that sends immediate shooting and ball-handling feedback to a mobile smartphone via Bluetooth, and gives players of any skill level access to personal training feedback about shooting and ball-handling skills. The immediate and precise feedback allows players to improve their muscle memory skills more efficiently.

6. InfoMotion's central innovation is its motion-analysis software, which is also embedded within the chips inside the basketball and used to regulate the information collected from the motion sensors inside the ball. InfoMotion's software has won numerous awards, including the 2015 Consumer Electronics Show Best of Innovation Award for Software and Mobile Apps, the Bronze Edison Award for Sports and Recreation, and the 3X 2014 Honoree in Gaming Hardware & Accessories, Health & Fitness and Embedded Technologies from CES. InfoMotion's software has been recognized as a finalist for the 2014 Bluetooth Breakthrough Awards and as the "Best of CES 2014" by iPhone Life Magazine.

7. InfoMotion's technology has other uses. For example, it can be used in connection with other sports equipment, wearable technology, and in industrial applications. The company is currently in talks with a major automobile manufacturer about licensing the technology for use in a factory setting. InfoMotion also has the potential to obtain licensing revenue from competitors who are actively infringing its patents.

8. InfoMotion's filing was precipitated primarily by its current debt structure. In 2010, the Debtor obtained an investment loan from the Director of

Development of the State of Ohio (“Ohio”) in the amount of \$750,000. In 2013, the Debtor obtained investment loans from a group of investors (the “Tranche Investors”) that committed a total of \$5 million towards funding ongoing inventory purchases, with an initial tranche totaling \$1,050,000. Ohio and the Tranche Investors are currently owed about \$1,456,000, and the details of the loans are set forth in the Cash Collateral Motion.

9. Because of long lead times in manufacturing the 94Fifty basketball and because the Tranche Investors failed to finance additional loans as they had originally agreed, the Debtor could not maintain the cash flow necessary to make timely payments to Ohio and the Tranche Investors. As a result, on November 28, 2015, the Debtor missed a scheduled payment to the Tranche Investors and went into default on their promissory notes. Consequently, by the terms of its agreement with Ohio, the Debtor is now in default on that promissory note as well. Further, the existence of approximately \$1,400,000 of senior secured debt made it impossible for InfoMotion to obtain new financing needed to maintain its inventory flow.

10. The 94Fifty basketball is sold directly to consumers, causing its revenue to be cyclical, with a large portion of sales occurring during October through December. In order to obtain up to 12,000 finished goods units of inventory needed for the 2016 season, Infomotion needs to start the process of ordering long lead time parts at the beginning of April, some of which require up to 12 weeks to arrive at its contract manufacturer for assembly. Once parts are received in full, there is an additional two months of manufacturing and one month shipping prior to when

finished goods arrive in the U.S. for final quality checks and customer shipment. Parts orders must be pre-paid and to maintain basketball sales past the summer InfoMotion would need \$258,000 by the end of March for the purchase of motion tracking devices, accelerometers and basketball cover material; \$195,000 by the end of May to order other sensors and wireless charging systems; and an additional \$400,000 through September to pay for shorter lead time items and the actual manufacturing and shipping. This is on top of cash needs for operating expenses and marketing. The Debtor has not been able to obtain these funds through DIP financing or other means.

11. To solve this problem, the Debtor has reached an agreement with NF50, LLC, under which the Debtor will grant a renewable three year license of intellectual property for the limited purpose of manufacturing and selling the 94Fifty basketball and related basketball products. The Debtor will also transfer to NF50, LLC its present inventory, and its pre-paid inventory. In exchange, the Debtor will receive \$60,000 for the inventory, \$50,000 in an initial license fee, and quarterly royalty payments based on sales, with minimum annual royalties. NF50, LLC will also satisfy existing pre-paid orders and assume certain of InfoMotion's operating expenses. This deal will generate immediate cash of \$110,000, allowing the Debtor to maintain intellectual property development and preservation rights, pursue licensing and consulting deals to generate revenue, and explore additional avenues for revenue based on its intellectual property. More importantly, it allows the Debtor to maintain operations despite its inability to raise the funds needed to

pre-order the needed inventory.

12. InfoMotion also expects to receive about \$12,000 a month in consulting revenue from NF50, LLC for assisting it in utilizing the licensed intellectual property. This projected revenue is reflected in Exhibit A.

13. As described in Exhibit A, InfoMotion seeks authority to use about \$335,000 in funds through October 30, 2016. The Debtor will use the funds to pay US Trustee fees, its CEO's salary (at a rate below his pre-petition salary), pay operating expenses related to pursuing further consulting and licensing opportunities, and pay for patent and trademark prosecution work, other legal work, bookkeeping work, and retention of a tax accountant. InfoMotion will also renew its directors and officers insurance, which terminates April 28, 2016, and obtain a tail on the policy. While not included on the Exhibit A, Information may also seek authority to use funds to retain and pay a professional to obtain a valuation of its intellectual property assets, if needed in connection with the Chapter 11 process.

14. In addition to the consulting project revenue noted on Exhibit A, the Debtor plans to pursue additional intellectual property licensing opportunities, and would expect to obtain comparable, or larger, initial licensing fees from such arrangements.

15. As in the original motion, InfoMotion proposes granting Ohio and the Tranche Investors replacement liens (the "Replacement Liens") on the same types of post-petition property of the estate against which Ohio and the Tranche Investors

held liens as of the Petition Date.

WHEREFORE, InfoMotion respectfully prays that this Court:

1. Enter an order granting InfoMotion authority to use cash collateral in accordance with the budget and projected cash flow attached as Exhibit A; and
2. Grant such other and further relief as this Court deems just and proper.

Dated at Boston, Massachusetts, March 24, 2016.

InfoMotion Sports Technologies, Inc.,

By its Attorney,

Swiggart & Agin, LLC

/s/Warren E. Agin

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Exhibit A



Note: No tariffs are due on imported basketballs. Licensee will be paying any applicable shipping fees and taxes